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National Association of Regulatory Utility Commissioners

April 3, 2000

Chairman William E. Kennard
Office of the Chairman, 8th Floor
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

RECEIVED
APR 3 2000
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: FCC March 8, 1999 Public Notice DA 00-533 Captioned "Coalition For Affordable Local And Long Distance Services (Calls) Modified Proposal" released in the following docketed proceedings:

In the Matters of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users, and the Federal-State Joint Board on Universal Service, CC Docket Nos. 96-262, 94-1, 99-249, and 96-45.

Dear Chairman Kennard,

On March 8, 2000, the Federal Communications Commission (FCC) released a Public Notice seeking comment on a revision, filed in March 2000, to the access charge reform proposal originally filed last year by the Coalition for Affordable Local and Long Distance Services (CALLS). As you know, because of the critical importance of the issues raised by this proposal, it has been the subject of extended discussions among the members of the National Association of Regulatory Utility Commissioners (NARUC) and was a focus of several sessions at our recent March 2000 meetings in Washington D.C.

In response to the March 8th notice, NARUC respectfully suggests the following:

- *Should the FCC determine to accept the revised CALLS proposal, it should strongly encourage the long-distance signatories to adhere to their commitments with respect to flow through of access charge reductions to end-users and the elimination of certain low usage minimum charges.*
- *Prior to acting comprehensively on the revised CALLS proposal, or any related access charge reform proposal, the FCC still should carefully consider the issues raised by NARUC's November 1999 resolution.*

CARRIER COMMITMENTS CONCERNING PASS THROUGH OF ACCESS CHARGE REDUCTIONS

Our November 1999 resolution urges the FCC to encourage the pass through of access charge reductions to end-users. In presentations on the more recent revised CALLS proposal, it was suggested that the long-distance signatories had made important commitments with respect to flowing through access charge reductions and eliminating certain minimum use charges for low volume customers. Certain ex parte letters filed with the FCC and recent press accounts suggest that long-distance providers may be retreating from those commitments. We believe the FCC should look askance at such efforts and continue to press the carriers to pass through to end-users the benefits of any access charge reductions.

PRIOR TO ACTING TO COMPREHENSIVELY ADDRESS ANY CALLS OR RELATED ACCESS CHARGE REFORM PROPOSALS, THE FCC SHOULD CAREFULLY CONSIDER A NUMBER OF ISSUES.

Whatever its merits and flaws, this proposal clearly raises a host of issues of direct and critical concern to NARUC's State commission membership and the country as a whole. These concerns should be addressed prior to achieving a comprehensive solution. As a result of the discussions at the NARUC Convention, a number of NARUC member States are expected to file comments detailing their concerns with more specificity. However, the attached NARUC resolution also identifies a number of specific concerns with the original CALLS proposal. NARUC has already filed comments based on this resolution in the record of this proceeding. However, NARUC still believes the FCC should ensure, in its review of the modified CALLS proposal, that the concerns listed below are sufficiently addressed:

- The impact on jurisdictional responsibility for costs (e.g., separations), if any;
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- Whether the interests of affordability and comparability are sufficiently accommodated;
- The impact of the Internet on the continued ability to recover common line costs on a per-minute basis;
- Assess both market-based and prescriptive approaches; and
- Consistency with the Federal Telecommunications Act of 1996.

NARUC respectfully requests that the FCC carefully consider the concerns listed, *supra*, during its review of the modified CALLS proposal. If you have any questions about this letter, please do not hesitate to call NARUC's General Counsel, Brad Ramsay at 202.898.2207.

Sincerely,



COMMISSIONER JOAN SMITH
Chair, Telecommunication Committee

National Association of
Regulatory Utility Commissioners

1101 Vermont Avenue, NW Suite 200
Washington, D.C. 20006

(202) 898-2200



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Appendix A - RESOLUTION ON CALLS ACCESS CHARGE REFORM PROPOSAL

WHEREAS, the Coalition for Affordable Local and Long Distance Services ("CALLS") submitted a proposal to the Federal Communications Commission ("FCC") on July 29, 1999 and the FCC seeks comment on such proposal; and

WHEREAS, the CALLS proposal is an interstate universal service and interstate access reform plan covering price cap incumbent local exchange carriers ("LECs"); and CALLS would transfer most carrier common line revenue and PICC revenue to a subscriber line charge (SLC) and would transfer the remainder of carrier common line revenue to a new interstate universal service fund, amounting to up to \$650 million; and

WHEREAS, the industry participants should be commended for negotiating a proposal for FCC review; and

WHEREAS, other stakeholders concerns, and other issues, must, however, be addressed prior to achieving a comprehensive solution; now, therefore, be it

RESOLVED, that the National Association of Regulatory Utility Commissioners (NARUC) convened at its 111th Annual convention in San Antonio, Texas, has identified concerns with the CALLS proposal as filed and is willing to work with the CALL's proponents and all other stakeholders to develop an access charge reform proposal; and be it further

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RESOLVED, that the NARUC commends the proponents of the CALLS proposal for offering a proposal concerning access rate design; and be it further

RESOLVED, that the NARUC General Counsel is directed to convey this position to the Federal Communications Commission.

Sponsored by the Committee on Telecommunications.

Approved by the NARUC Board of Directors November 9, 1999.

Approved by the NARUC Convention November 10, 1999.



N A R U C
National Association of Regulatory Utility Commissioners

April 3, 2000

The Honorable Susan Ness
Commissioner
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: FCC March 8, 1999 Public Notice DA 00-533 Captioned "Coalition For Affordable Local And Long Distance Services (Calls) Modified Proposal" released in the following docketed proceedings:

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The Honorable Michael K. Powell
Commissioner
Federal Communications Commission
445 Twelfth Street, S.W.
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April 3, 2000

The Honorable Harold W. Furchtgott-Roth
Commissioner
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

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